

# **Final Report**

## **Expanding Local Food Systems through Direct Marketing to Iowa Institutions**

to the

**USDA Federal State Marketing Improvement Program**

prepared by

**Practical Farmers of Iowa**

**300 Main Street, # 1**

**Ames, IA 50010**

**515-232-5649**

**[ff@isunet.net](mailto:ff@isunet.net)**

submitted by

**Iowa Department of Agriculture and Land Stewardship**

**Wallace State Office Building**

**Des Moines, IA 50319**

**March 29, 2002**

### **1. What was the issue or problem addressed?**

The problem this project addressed was the lack of adequate profit from the main products sold by Iowa farmers – corn, soybeans, hogs and cattle. One set of responses to this problem has involved various efforts to help farmers use new kinds of marketing strategies, with one of these strategies being to help sell products grown and raised by Iowa farmers to local institutions such as restaurants, hotels, and colleges. This strategy was of interest because approximately half of the estimated \$8 billion spent on food each year in Iowa is spent in restaurants and other establishments that serve meals to clients. As well, there were a number of projects in Iowa that were working to access these markets, but these efforts were not well connect to each other. Therefore, the project supported by FSMIP aimed to provide support and assistance to existing and emerging efforts that were working to increase the marketing of local foods to institutions in Iowa.

### **2. What approach was followed or what techniques were used?**

The approaches used to address this problem involved various activities needed to achieve these four project objectives: 1) expand existing institutional marketing projects; 2) develop informational materials on institutional marketing of local foods; 3) assist with the development of two new

institutional marketing projects; and 4) integrate the project with activities of the Local Food System Task Force. Approaches and techniques used for each of objective are described next.

### **Objective 1. Expand existing institutional marketing projects**

The project had planned to help four institutional marketing projects expand, but a decision was made to include a fifth, GROWN Locally, a cooperative from a rural area that markets to local institutions. Meetings of participants of these local projects were held where each project's goals, methods, and expansion issues were discussed in depth. Interactions were also achieved using other means, primarily telephone and email. The results, which are described in detail in the next section of this report, included increased understandings of expansion issues and options for addressing these issues and achieving success.

### **Objective 2. develop informational materials on institutional marketing of local foods**

The five institutional marketing efforts that were at the core of the project served as information sources for the development two informational pieces. The original plan was that one would be an overview to raise awareness of the topic of institutional marketing of local foods among the general public and the other would be a guidebook with information on key issues and steps for farmers, buyers, community groups and agencies. The overview to raise awareness was developed as a two-page promotional brochure, and the guidebook was created as a report with descriptions of the five core institutional marketing projects, plus sections on the main issues involved in marketing to institutions and suggestions to improve opportunities for success. Both are enclosed with this report.

### **Objective 3. assist with development of new institutional direct marketing projects**

The plan was to use the methods, expertise and lessons of existing institutional marketing efforts to support two new projects. Projects that were targeted included one conducted by Sioux Rivers RC&D in Northwest Iowa called "Our Rural Supermarket" and one conducted by the University of Northern Iowa in several Northern Iowa counties. The latter project never got off the ground, and so a project in the Grinnell area was substituted. Both of these projects were included in the meetings with the five existing projects and additional assistance was provided as needed.

### **Objective 4. integrate the project with activities of the Local Food System Task Force**

The plan was to integrate the project with activities of the Local Food System Task Force, which was created by Iowa Secretary of Agriculture Patty Judge in April 1999, and a portion of the grant was allocated for this purpose. The Task Force met seven times over the course of the project, and it also hosted and facilitated an open forum discussion at the end of the project to help identify unmet needs facing the development of local food systems.

## **3. What were the results and conclusions?**

This section of the report starts with descriptions of nine key issues facing farmers who want to market foods directly to institutions followed by eight suggestions to improve opportunities for success. These issues and suggestions are drawn from the work of the project. Then results for each

of the four project objectives are provided.

### **Nine Issues on Marketing Local Foods to Institutions**

1. **Competitive Prices:** Competitive pricing is the biggest barrier to successfully market to institutions. For nearly all institutional markets, prices need to be competitive with current suppliers. And while some markets may be willing to pay slightly more, farmers wanting to sell to these markets are likely to be constantly pressured on prices.
2. **Consistent Quality:** The lack of consistency in quality is an often mentioned barrier by institutional food buyers. Foods need to be consistently clean, fresh, and of uniform size, which points to a need to train farmers on post-harvest handling and grading skills for produce.
3. **Inadequate Supplies:** Inadequate supplies is also a key barrier, especially for high volume markets. And while inadequate supplies are less a concern for smaller markets like high-end restaurants, buyers want products consistently available from week to week rather than sporadically. High-end restaurants also have differential demands for certain cuts of meats, such as one restaurant that said they need 100 pounds of beef tenderloin each week. This kind of demand poses significant barriers to selling meats to these restaurants because of the volume of other cuts that need to be marketed. And contrary to expectations, the seasonality of produce is not an important barrier as buyers are able to switch to other sources in off seasons.
4. **Standard Packaging:** The lack of use of standard industry containers is another a barrier, especially for high volume markets. One concern is ease of handling through the distribution system. Another is that buyers want to know how much is being purchased when ordering. For example, if a buyer orders a case of eggplant, they want to be assured they receive the desired amount.
5. **Ease of Ordering:** Time consuming or cumbersome ordering processes is another barrier. Ordering must be easy or buyers won't place orders, and often this means one point of contact, even for products from multiple farms. Restaurants also often want farmers to initiate the contacts, such as a weekly fax of products and prices.
6. **Delivery Frequency:** Another barrier is less than optimal delivery frequencies. For example, restaurants often have limited storage space, which means a minimum of two deliveries each week.
7. **Dependability:** Another barrier is the lack of dependability, which is often expressed as promises made but not kept. Buyers appreciate getting what they were promised, and they also appreciate vendors being consistent with things like calling at the same time each week for orders.
8. **Transportation/Distribution:** Another key barrier is moving product from its source (farms) to the end user (institutions). The absence of an efficient means by which to move products clearly hinders efforts to access and serve institutional markets.
9. **Food Safety:** Food safety is a growing concern for institutional markets. This concern has led to barriers farmers must often overcome to access these markets. One is the need for commercial

liability insurance, with some firms requiring as much as \$2 to \$3 million in coverage. A second is that some firms require farmers to provide written guarantees that they adhere to guidelines for Good Manufacturing Practices and/or Good Agricultural Practices. While carrying product liability insurance and following appropriate guidelines are good practices, many farmers are unfamiliar with these topics.

### **Eight Suggestions to Improve Opportunities for Success**

1. Given the constraint price plays in selling to institutional markets, efforts are needed to address this topic. Three suggestions for addressing price are:
  - a) carefully segment markets to identify and serve buyers who are willing and able to pay more;
  - b) differentiate products from those typically sold to institutions and invest in promoting them based on their unique characteristics; and
  - c) improve efficiencies to reduce costs.
2. High-end restaurants appear to offer the best potential for Iowa farmers to get premium prices because:
  - a) most are locally-owned, allowing them to purchase wherever they choose;
  - b) they change menus frequently, making the use of special or seasonal products easy;
  - c) their volume demands are lower than other institutions, which means meeting these demands would be easier;
  - d) they are in a position to attach status to eating local products, which they are willing and able to do through their service staff and menu notations; and
  - e) their customers are willing to pay more for menu items featuring high quality, locally-grown products.
3. While institutions can be lucrative markets for local farmers, farmers should have a mix of markets with a primary focus on selling at retail prices through venues like farmers markets. Augmenting retail markets with wholesale markets like institutions is likely the most feasible option for the success of farms. Over time wholesale markets may grow in importance in terms of profits, but only if farmers build needed skills and efforts are made to develop needed infrastructure components, such as low-cost processing and distribution options for moving the products from farms to markets.
4. Food services at many institutions are contracted out to companies like Sodexo. This is especially true of educational institutions and corporate offices. If you want to sell to institutions that have food services operated by companies like Sodexo, you will face additional challenges because you will either have to become an approved vendor or go through their existing suppliers. Both these options present challenges.
5. Other topics that must be address in order to sell to institutions include:
  - a) consistently high quality;
  - b) adequate supplies and regular deliveries (in some cases several times a week);
  - c) ease of ordering;
  - d) the use of standard containers, especially for buyers that purchase larger amounts;
  - e) dependability - delivering on promises and standing behind products by giving credit or accepting returns.

6. Selling processed products like meats to institutional markets is more challenging than fruits and vegetables because of legal issues, such as requirements on labeling and the use of inspected facilities, as well as utilization issues, or being able to sell all the cuts of meat from animals processed for these markets. Be prepared to spend time addressing these issues.
7. Food safety concerns have led some institutional buyers to want suppliers to carry commercial liability insurance and use Good Manufacturing Practices and/or Good Agricultural Practices. Addressing these topics will likely be necessary.
8. Coordination and cooperation among farmers interested in accessing wholesale markets, while often difficult and time consuming, can be helpful because:
  - a) higher volume markets can be served through the pooling of product;
  - b) it can provide buyers with a wider range of products to order from a single source;
  - c) it spreads the costs of coordination, marketing and infrastructure among more individuals;
  - d) it reduces competition among farmers, which can lead to better prices.

## **Descriptions of Results for Project Objectives**

### **Objective 1. Expand existing institutional marketing projects**

The following describes the features of each of the five local projects that were at the core of this effort, plus expansion issues identified through the work of the project (reported on in our March 2001 progress report), and efforts undertaken to address each of these issues.

**Local Food Brokering Project of Practical Farmers of Iowa.** This project of Practical Farmers of Iowa (PFI) helped broker foods from farmers to Central Iowa hotels and conference centers doing all-Iowa meals for clients. Features include a seasonal menu for use by institutions, a central contact point for orders, a grower's network for servicing orders, an email system for communicating with members of the grower's network, deliveries by individual farmers and payments directly to farmers, and a fee system for generating revenues to support the service.

#### **Expansion issues and efforts to address each:**

- 1) moving from a grant-funded service of a non-profit group to a self-supporting enterprise operated as a business

The project conducted a test to see if revenues could be generated by the brokering service. This test involved a fee system with three sources of revenue: farmers, conference facilities, and clients being served all-Iowa meals. Farmers paid a \$10 annual fee and remitted 5% of sales made through the brokering service to PFI at the end of the year. The main institution the project worked with - Iowa State University Scheman Building - paid a \$100 annual fee, and the clients at this facility had a 60¢ surcharge added to the cost of each meal which was to be paid to PFI by Scheman. Fees from farmers and the annual fee from Scheman were secured, but Scheman did not pay the 60¢ per meal surcharge because Scheman's Director of Conference Services, who had agreed to this arrangement, left her job and there was no contract in place to bind the facility to the agreement.

Table 1 below shows revenues generated plus the amount owed by Scheman that was not paid. The total paid was \$762.01, with all but \$100 coming from the grower's network, though the total would

have been \$1,766.41 had the 60¢ per meal surcharge been collected. While the total received was lower than anticipated, it is important to note that the fee system was a test to determine if revenues could be generated through such a system. The main lesson learned with this test was that generating sufficient revenues based on fees tied to sales, such as commissions or surcharges to per plate fees, requires larger volumes than what is likely possible with a market such as all-Iowa meals.

Table 1. Fees for Brokering Service	
Annual fee for joining the growers' network (\$10 x 22 farmers)	\$220.00
Annual fee from ISU Scheman Building	100.00
5% remittance fees from farmers	442.01
Total secured	762.01
Unsecured fees (60 cents per meal)	1,004.40
Total with unsecured fees	\$1,766.41

- 2) expanding institutional markets beyond all-Iowa meals for meetings at hotels and conference centers to serving other food service establishments to increase commerce for farmers involved

The project investigated expanding institutional markets beyond all-Iowa meals by asking members of its grower's network for their opinions, and there was little interest among these farmers in PFI becoming a competitor in the marketplace. Rather, the group felt the educational power of the all-Iowa meal was the greatest asset of this project, while the commerce generated was of lessor importance. Given that the farmers involved in the project felt PFI should not expand to serve other food service establishments, efforts to do so were not undertaken during the project. PFI is continuing to contemplate the idea of expanding to other markets, especially those not already being served by local farmers, and plans are underway to conduct a feasibility study to examine options for this expansion.

- 3) the lack of farmers raising fresh produce in quantities needed to be a steady suppliers

This expansion issue was also a barrier for two of the other projects that were at the core of this effort. To address this barrier, PFI worked with two Iowa State University Extension commercial horticulture field specialists to write and submit a grant to provide hands-on training and technical assistance to farmers wanting to grow horticultural crops. This grant was funded by the Iowa Department of Agriculture and Land Stewardship, and a project is now underway to provide this training.

- 4) the lack of a distribution system to efficiently move product from farms to institutions

The project used grant funds from another source to purchase and license a freezer for use in storing products from the grower's network. However, this was a very small step towards creating a distribution infrastructure, and distribution remains the one of the key barriers to be addressed to improve the ability to service local institutional markets.

### **Iowa Farm Bureau Dining Facility Project**

This effort worked to serve local foods at the dining facility at the Iowa Farm Bureau headquarters in West Des Moines. Basic features included a partnership between Farm Bureau and three private

businesses - Sedexho, which operates the cafeteria, Loffredo Fresh Produce Company, a regional fresh produce distributor, and SYSCO Food Services, a supplier of main plate products such as meats. The project had a specific focus on using foods that have been licensed as "Taste of Iowa" products, which is a promotion program of the Iowa Department of Economic Development.

**Expansion issues and efforts to address each:**

- 1) the lack of supply, or farmers raising produce in the quantities needed

The project set up two meetings in early 2001 that included Loffredo and Farm Bureau staff and about ten farmers to discuss developing a supply network and process for acquiring local produce. At these meetings Loffredo noted an increasing demand for local products among their customers. They also indicated a willingness to pay higher prices for these products, though they were unwilling to set these prices prior to the growing season. Loffredo also requested that the farmers: 1) provide Loffredo with product lists, including prices and quantities anticipated by dates; 2) communicate regularly with Loffredo on changes in availability; 3) use similar standards for packaging and quality as products Loffredo obtains from other sources; 4) deliver products to Loffredo's Des Moines facilities, although Loffredo trucks could pick up product if locations were convenient and there were enough quantity to justify stopping; and 5) provide a letter of guarantee stating that their products were "produced, handled and shipped adhering to all local, state and federal guidelines for good manufacturing practices (GMP) and/or good agricultural practices (GAP)."

Following these meetings, the 2001 season turned out to be difficult because of poor weather, and so minimal amounts of product from these farmers were secured. Even so, Loffredo and Farm Bureau remain committed to continuing the effort, and the project mentioned above to provide hands-on training and technical assistance to farmers wanting to grow horticultural crops could help address this barrier for this project.

- 2) the need for better communication between farmers and Loffredo during the growing season

Loffredo attempted to establish an email communication system with the farmers who expressed interest in this project, but it was met with minimal success because of limited capacities among the farmers to utilize this communication method. Additional work is needed to establish better communication flows if this project is to succeed.

- 3) assuring all participants, especially the farmers, receive adequate returns for their products or services

Loffredo continues to be interested in carrying Iowa grown products, and they also have indicated that price is not a significant issue because they believe some of their markets would pay more for these products. However, they are so far unwilling to establish prices they would pay before the growing season because the way they do business has always been to buy on the open market as product is needed. This will likely mean that farmers will continue to be hesitant to commit to growing for Loffredo. However, an opportunity appears to exist to address this issue because of Loffredo's statements that price is not a significant issue, but it will take additional work.

- 4) the need to differentiate products from local farmers so they are rewarded for attributes like superior quality

At the meetings with growers in early 2001, Loffredo said they would include Iowa home-grown products with farm names next to their products on a specialty produce list sent weekly to a subset of their customers. During the 2001 growing season they did include a statement on this specialty list that said, “ask us about our locally grown produce program.” Thus, if growers were able to become reliable suppliers, their products would likely be promoted on this specialty produce list. But it is also likely that achieving adequate differentiation of local products will require a more ambitious educational program to help buyers learn about the quality of home-grown products.

- 5) the need to move local produce through the distribution system in a manner that maintains quality because locally-grown produce is often more perishable

A part of the solution to this barrier to expansion is the development of better post-harvest handling and storage facilities for the farmers involved. Another part of the solution involves reducing the time between when product is harvested and when it is delivered to customers. Both options were identified as important needs by project participants, and efforts will be needed to implement activities to make these steps reality.

### **Johnson County Local Food Project**

This effort of the Johnson County Soil & Water Conservation District facilitated direct relationships between local farmers and institutions. Features included facilitating communication between farmers and restaurants, providing pricing information to farmers, publishing informational materials including a local food directory, and conducting promotions that used local foods.

#### **Expansion issues and efforts to address each:**

- 1) deepening existing markets to increase sales by farmers

The project coordinator worked to advise buyers when a farmer had a product for sale, and the coordinator also passed on to growers any product needs or marketing advice expressed by institutional buyers. These activities were aimed at helping generate additional commerce among existing markets.

- 2) expanding to include more farmers and food service establishments

The project coordinator sought out information on farmers and their products in Johnson and eight surrounding counties for a directory of food producers that was published during the project. The coordinator also approach new growers and restaurants who might be interested in local commerce with an invitation to learn more about the project. As well, the restaurants contacted were provided with a list of local growers and Iowa-grown products.

- 3) educating consumers to increase the demand for local foods

The directory mentioned above was also aimed at educating consumers, and in addition the project coordinator had a booth at the Iowa City farmers’ market during its 2001 season to educate consumers about local food systems. Additionally, a fall harvest celebration was held during the project where eight different local restaurants and caterers used local foods to prepare a buffet for



about 120 community members to showcase the farmers, the chefs, and their foods.

4) facilitating coordination and cooperation among farmers

This expansion issue was not addressed by the project for two reasons. One was that facilitating and coordinating the farmers involved was a task that was beyond the resources available to the project. The other was that it was felt that the leadership for this kind of activity ought to come from the farmers themselves, and this leadership had not emerged.

5) facilitating ways to achieve appropriate and fair product pricing by farmers

The project coordinator mailed the farmers involved pricing guidelines and twice-monthly price lists supplied by two major vendors to restaurants. These sets of information were not only useful and used by the local growers, but they were sought out and used by participants in some of the other local projects that were part of this grant.

### **University of Northern Iowa Local Food Project**

This effort started with the University of Northern Iowa (UNI) developing new markets for local farmers at UNI, Allen Hospital, and a restaurant named Rudy's Tacos. The project expanded to other health care facilities, nursing homes, restaurants, and another college, some of which were in other communities, bringing the total to ten institutions. Features included interns who hold initial meetings with buyers, growers and processors where prices, ordering methods, and delivery procedures are discussed. They then called growers on order days to find out what is available, with buyers using this information to place orders through the interns. Growers delivered and were paid individually by the institutions. Once relationships were established, buyers and farmers began working directly.

#### **Expansion issues and efforts to address each:**

1) lack of enough farmers who raise fruits and vegetables

The project did not undertake activities specifically aimed at addressing this expansion issue, although it did let local growers know about the project that was described above where PFI and two Iowa State University Extension commercial horticulture field specialists will be providing hands-on training and technical assistance to farmers wanting to grow horticultural crops.

2) lack of facilities to process farm products into forms easier to use by food service staff

The project cooperated with local Iowa State University Extension staff on a pilot project during 2001 that used a local church kitchen that was inspected and licensed by the Iowa Department of Inspection and Appeals to process locally-grown apples, strawberries, sweet corn, and green beans into frozen products that met the requirements needed to be sold to institutional markets. Efforts are underway to build on this pilot project, with long-term plans being to work towards the establishment of a kitchen incubator, which would be a licensed facility that would have technical staff available to help process and package locally-grown produce for sale in retail outlets.

3) labor requirements at the farm, processor and institutional food service levels

The main project activity that addressed this expansion issue was the pilot project described immediately above to process local produce.

4) education on topics such as seasonal eating and using unprocessed whole foods.

The project developed a website ([www.uni.edu/ceee/foodproject](http://www.uni.edu/ceee/foodproject)) that included a section entitled “10 Reasons to Buy Locally Grown Foods.” The project also created a brochure about its work to help educate the public on the topic of marketing local foods to local institutions. As well, some of the participating institutions developed promotional materials for their customers about the foods and farmers that they used for local products.

### **GROWN Locally**

This project involved a farm cooperative that helps its members sell produce to institutions in a three-county area. Features included preseason contacts with potential clients followed by an in-season system for making sales that was repeated on a weekly basis. This system started with farmers sending emails on Sunday of product availability to a member who served as a central contact. This information was used for product lists with prices that were faxed to buyers. Buyers placed orders by 5 pm Tuesday, and emails orders were sent to cooperative members who delivered to a member’s farm by 8 am Thursday where the foods were washed and packed for delivery that day. One member made deliveries, and payments came to GROWN Locally, which in turn paid its members.

#### **Expansion issues and efforts to address each:**

- 1) deepening existing markets to increase sales by cooperative members
- 2) developing infrastructure, such as greenhouse and processing facilities, which in turn required capital investments

These expansion issues are tied together, and GROWN Locally worked towards addressing them by writing and submitting a grant to purchase processing equipment which otherwise was beyond the means of the group. The grant was subsequently funded, which means that GROWN Locally now has the means by which to bring processed products to food service providers. This will both deepen existing markets and open new ones by extending the useful seasons for these crops. It will also provide crops in forms kitchen staff can more easily handle. The result will be more product sales, as well as the utilization of excess produce from peak harvest times and produce that is harder to sell because of quality problems like surface blemishes.

- 3) serving as a model for other efforts to market local foods to local institutions

GROWN Locally members presented to various meetings and events on their cooperative and its efforts to sell to local institutions. Examples include an organic farming conference held in the fall of 2001 that was attended by over 200 people. In addition, the cooperative has developed a website ([www.grownlocally.com](http://www.grownlocally.com)) that serves in part as an information tool to let others know about their efforts.

#### **Objective 2. develop informational materials on institutional marketing of local foods**

The project developed two different informational pieces. One was a two-page promotional brochure to raise awareness on the topic of marketing local foods to local institutions. The other was a booklet with descriptions of the five core institutional marketing projects, plus sections on the main issues involved in marketing to institutions and suggestions to improve opportunities for success. As noted earlier, both are enclosed with this report.

### **Objective 3. assist with development of new institutional direct marketing projects**

One of the two new institutional marketing projects that were helped through this project was created by the Sioux Rivers RC&D in the Sioux City area of Northwest Iowa. This project, which was called “Our Rural Supermarket,” participated in the meetings of the five core projects. As well, targeted assistance was provided to help the effort succeed.

The project first worked to locate farmers with available locally-grown foods in the Sioux City area. It then created a website ([www.sioxriversrcd.org](http://www.sioxriversrcd.org)) that listed over forty farmers the project had located who had products for sale, with the idea being that the internet would be the main avenue by which commerce would occur. The project then began contacting major food consuming institutions and businesses in the area in an attempt to locate potential markets. A part of this work involved surveys of forty-seven Northwest Iowa schools, of which thirty-seven returned the survey, and of these twenty-eight expressed interest in purchasing local foods.

With this initial groundwork laid, project leaders came to realize that much more effort would be needed to effectively generate commerce. A part of the work that was determined to be needed was to help the farmers work together, and so initial steps were taken towards the establishment of a cooperative that will help the members market their products. Another idea that was identified involved the creation of a resource center where individuals involved in the development of local food systems would work together to provide information and share ideas with each other. And finally, Sioux Rivers RC&D staff helped develop a proposal that was funded by USDA Rural Development to conduct a feasibility study on developing markets and processing for produce and low-end meat products in the tri-state area around Sioux City.

The second new institutional marketing project that was helped through this project was located in the Grinnell area. This effort was led by a group of students at Grinnell College, which is a four-year liberal arts school. The students had made initial contacts with the Grinnell College food service director, who was receptive to the idea of buying from local farmers. Leaders of two of the five local projects that were at the core of this grant came to Grinnell to visit with the students and the food service director. These were the UNI project and the effort of Practical Farmers of Iowa.

With the assistance of these projects, the students held two meetings in early 2001 where they invited local farmers to discuss the opportunities presented by the willingness of the food service director to buy from local farmers. Systems for procuring these foods were also discussed, and plans were made to begin sourcing foods locally when the fall semester started. One student became the contact person for the buyer and the farmers, and during the fall semester a small amount of produce was purchased by Grinnell College from local farmers.

### **Objective 4. integrate the project with activities of the Local Food System Task Force**

Over the course of the project and with support from the grant, the Local Food System Task Force

(LFTF) met seven times. As well, additional work was carried out between these meeting. During all of this work, the LFTF focused on these main topics:

1. providing state-wide networking opportunities for local food projects to help identify strategies, resources, and partners;
2. providing input to the Iowa Food Policy Council, which was created by the Governor of Iowa to help establish policies that would support the development of healthy food systems in Iowa.

On the first of these topics, beyond the meetings of the LFTF, the group twice hosted open forum meetings to broaden the conversation and connect efforts between varied projects and partners. The first forum, held in February 2001, helped identify potential new partnerships and assisted in coordination between various efforts. The second forum, held in November 2001, served to identify remaining needs and gaps in local and regional food system work. On the topic of providing input to the Food Policy Council, the LFTF submitted a set of formal recommendations to the Council, which were subsequently included in the Iowa Food Policy Council report to the Governor in April 2001. Discussions and insights from the project funded by the grant from FSMIP, from the open forum discussions hosted by the LFTF, and the regular LFTF meetings, helped inform these recommendations, which are included as an attachment to this report. Thus, this project helped the LFTF in its work, and the LFTF in turn has been an important voice for local food issues to the Iowa Food Policy Council and the Governor of Iowa.

#### **4. What benefits were or can be expected to be derived from the work?**

The project has had many benefits for participants as noted in the above discussion of the results and conclusions. The local efforts have benefited greatly through the support the project was able to provide as they experienced and dealt with expansion issues, but these projects were in reality simply some first steps. The greater impact is that they have laid an important foundation that is now merging with the critical needs of Iowa's farmers who are desperate for new opportunities. This groundwork laid through the work that has been done by this project means that the food system work that needs to be done is on the edge of taking significant next steps. Indeed, groups involved in this project have developed the expectation of regular collaboration that yields innovative efforts, and this changed environment is perhaps this project's most significant outcome.

#### **5. What public or private agencies cooperated in the work?**

Iowa Department of Agriculture & Land  
Stewardship  
Practical Farmers of Iowa  
Iowa Farm Bureau Federation  
GROWN Locally  
Johnson County Soil and Water  
Conservation District

Iowa Network for Community Agriculture  
Sioux Rivers RC&D  
Grinnell College  
University of Northern Iowa  
Leopold Center for Sustainable Agriculture  
Iowa State University Extension

#### **6. What additional information is available and who should be contacted for this information?**

Both of these publications are available by contacting Practical Farmers of Iowa at 515-232-5649.

1. Expanding Local Food Systems by Marketing to Iowa Institutions: Descriptions of Five Local Projects, Key Issues and Suggestions for Success
2. Local Foods & Iowa Institutions: A Match for Iowa's Future

## Appendix 1

### Recommendations to Food Policy Council from Local Food Task Force - April 2001

#### Recommendation #1

Together with the Iowa Department of Agriculture and Land Stewardship's Local Food Task Force, the Iowa Department of the Blind shall support the increase of local food purchases for the Capitol cafeteria. This process should include a review of current food purchases, a survey of cafeteria needs, and a list of targeted food items. Producers will also be involved to identify who can serve this market. A timeline and steps to reach the goal should be established. An annual project review should document progress. The Governor will be asked to write a letter to the Cafeteria management expressing his support for access to local food at the cafeteria. Several legislators have specifically requested local foods be incorporated into the cafeteria. The Capital cafeteria would serve as a very visible and teachable tool promoting local foods.

Justification: Iowa's commitment to be the "food capitol of the world" should start at home. The Department of the Blind - as the single state agency most responsible for food purchasing at federal, state, and county facilities in Iowa - can make a significant impact on opening the state agency cafeteria market to local food producers. Because the network of agency cafeterias is complicated, focusing in on the Capitol cafeteria is a realistic place to begin opening this market to local foods. Sally Adams, with the IDALS Agricultural Diversification and Market Development Bureau, has already begun some of this work and would be the contact person to follow-through on this recommendation.

Iowa produce served through public agency food services will provide Iowa public employees high-quality, fresh food, and buoy public agency awareness and support for Iowa's emerging local food system. A USDA Federal State Marketing Improvement Program project is underway right now, through cooperation between Practical Farmers of Iowa and the Iowa Department of Agriculture and Land Stewardship, assessing lessons learned from existing institutional buying projects. The information gleaned through this project will provide valuable insight for the Department of the Blind as it begins to work toward a goal of increasing local food purchases.

*Case in point:* The Iowa Farm Bureau has been working with the Taste of Iowa program to incorporate locally produced food into their West Des Moines Food Service. Sedexo-Marriot, who manages Farm Bureau's food service, is plans to expand their use of local food into other accounts that potentially span the state. Under the direction of The Department of the Blind, Iowa could establish itself as a public model for use of locally produced foods.

#### Recommendation #2

The Department of Inspections and Appeals shall identify what more they can do to expand use of local food in this state. Specifically, this analysis should include a look at current regulatory, policy, or information delivery implications for farmers and consideration of mutually beneficial steps to remove unreasonable obstacles that are identified.

A team, including representation from The Department of Inspections and Appeals, the Department of Agriculture and Land Stewardship, and producers, will implement this

recommendation. The team shall meet to discuss the interface of existing regulations and policy with real life producer needs and experiences. Steps shall be identified that both respect policy needs and needs of local producers. Outcome of this recommendation shall include specific steps for such policy changes and/or information delivery. One step that has already been discussed is providing a readily available, user friendly set of resource materials summarizing the regulation-based steps toward developing a food-based business.

*Justification:* The processing of locally produced food, overseen by the Department of Inspections and Appeals, is key to adding value to farmers' products and meeting consumer demands. Consumers are embracing locally produced food, but are also clearly interested in convenience and year round food supply. Improving the working relationship between producers and Department of Inspection and Appeals services will increase farmer confidence to pursue value-added ventures and will help increase strategies for profitability.

*Case in point:* As reported in Iowa Farmer Today, Bruce Babcock, who heads the Center for Agriculture and Rural Development (CARD), believes consumer demands will provide new opportunity for food raised locally by small farmers that can be very profitable.

### **Recommendation #3**

The Iowa Governor shall advocate for federal policy to allow for interstate shipment of Iowa state-inspected meat and poultry. The Iowa Governor's office shall meet with representatives from direct marketing Iowa producers as well as commodity committees such as Pork Producers and Cattlemen Association and processor associations. Practical Farmers of Iowa can identify direct marketing producers who have direct experience with this issue. This meeting should lay out a coordinated strategy for moving this recommendation forward. Part of this strategy should include addressing impacts of this policy change. Research should answer questions such as what is the economic impact of this policy change, who benefits? Who loses? Understanding these issues will provide a stronger position for this campaign.

*Justification:* Iowa's meat inspection standards surpass federal meat inspection standards. Iowa's standards, therefore, should be allowed to serve the needs for interstate shipment of Iowa meat and poultry. While interstate shipment may seem to go beyond local food production, Iowa meat producers who live near state borders are limited in their markets if they currently only have access to state-inspected processors. The concept of local food is evolving to encompass a more regional market base. Meat producers are interested in access to interstate markets. Current limits of federal inspection provide an unnecessary barrier to market expansion and profitability for Iowa producers.

*Case in point:* The Rosmann markets their organically raised beef directly to customers and through the many All Iowa meals organized by the Practical Farmers of Iowa. The Rosmann's rent locker space in Des Moines, more than 100 miles from their farm in Harlan, IA, to serve their central Iowa customer base. They, however, are unable to expand into the Omaha market, less than 45 miles from their base, because of the restriction to federally-inspected standards.

### **Recommendation #4**

State agencies with investment and venture capital programs shall establish a percent of their programs to target local food programs. The Iowa Department of Agriculture and Land

Stewardship's Local Food Task Force will facilitate a meeting between members of the Task Force and state agencies with funding programs to assess what is working and where the need and potential is. State agencies involved with funding will be asked to analyze how their funding programs can expand support of local food development in this state. Together with the Local Food Task Force, the state agencies will analyze both the criteria of programs and set a percent of their funding programs that will be targeted to local food projects.

*Justification:* Local food and direct marketing programs provide an innovative approach to agriculture and rural development and need to be more highly supported through state funding programs. Capital is critical for initiation and expansion of direct marketing operations as the infrastructure for Iowa's local food system evolves. Existing programs have demonstrated a criteria and scope bias that often excludes local and small-scale farmers. Funding program adaptation to this growing client sector will provide valuable financial investment in Iowa's emerging local food system.

*Case in point:* Grown Locally, a farmer cooperative in northeast Iowa, is serving institutional markets such as hospitals, nursing homes and schools with fresh, locally produced food. Reception of their products has been good. However, as the group anticipates the future, they recognize the market potential for fresh vegetables that have been processed could easily surpass vegetables straight from the farm. Grown Locally representatives participate in the current USDA Federal State Marketing Improvement Program (FSMIP) project coordinated by Practical Farmers of Iowa. At a March 19, 2001 FSMIP meeting, representatives from Grown Locally made it clear that capital is a limiting factor as they plan for the future.

## **Recommendation #5**

Agriculture education programs in Iowa should be reviewed for how they can more effectively support local food development. ISU Extension shall, in cooperation with the key agriculture education partners in the state – including 4-H, Governor's Council on Ag Education, Iowa Conservation Education Council, Iowa Department of Education, and FFA - assess available agriculture education resources and consider how more effective partnering can be undertaken to improve how education programs and local food projects/farms can lend more mutual support to each other

*Justification:* The Local Food Task Force (LFTF) is aware of the need to review existing agriculture education programs for the role they play in the development of Iowa's local food projects. At the LFTF February 7, 2001 meeting, this issue was discussed at length. Agriculture education programs can help educate about and promote local food and sustainable agriculture. Likewise local food projects and farms are valuable assets to compliment agriculture education programs.

*Case in point:* ISU 4-H Growing in the Garden curriculum has trained more than 2,000 educators. Community-based farms, who clearly identify education as an important farm component, are growing in Iowa. Connecting educators with the farm and farmer resource can enhance the use of the curriculum and support farm goals.